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Item 12 (b) of the provisional agenda

ADMINISTRATIVE AND FINANCIAL MATTERS

INCOME AND BUDGET PERFORMANCE IN THE BIENNIUM 1998-1999

Status report on receipt of contributions from Parties

Note by the secretariat

1. This document contains information on the status of receipt of contributions to the UNFCCC trust funds as at 30 September 1999.
2. Table 1 lists the arrears from prior years (1996, 1997 and 1998), the 1999 indicative contributions, the amounts and dates of payment in 1999 and the total outstanding balances due to the Trust Fund for the Core Budget of the UNFCCC.
3. Tables 2 and 3 report on 1998-1999 contributions to the Trust Fund for Participation in the UNFCCC Process and the Trust Fund for Supplementary Activities, respectively.
4. Table 4 lists Parties in five groups according to the status of contributions, namely:
 - (a) Parties having paid contributions up to and including 1999;
 - (b) Parties with 1999 contributions outstanding;
 - (c) Parties with 1998 and 1999 contributions outstanding;

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(d) Parties with 1997, 1998 and 1999 contributions outstanding; and

(e) Parties with 1996, 1997, 1998 and 1999 contributions outstanding.

5. Parties are kindly requested to bring to the attention of the secretariat any errors or omissions in the information presented.

Table 1. Trust Fund for the Core Budget of UNFCCC: status of contributions as at 30 September 1999
(United States dollars)

Party	1996/97/98 arrears	1999 contribution	1999 amount paid	1999 date paid	Balance
Albania		324			679
Algeria	355				14,350
Antigua and Barbuda	4,618	9,732			(1,528)
Argentina	(980)	216	764	29/01/99	106,401
Armenia	0	106,401			3,466
Australia	2,277	1,189			0
Austria	(51,818)	153,979	102,160	10/12/98	0
Azerbaijan	0	97,750	97,750	23/03/99	0
Bahamas	21,444	2,271			23,715
Bahrain	0	1,514			(5,296)
Bangladesh	(702)	1,730	6,810	13/07/99	1,028
Barbados	2,208	1,081			3,290
Belgium	0	865	104	17/08/99	761
Belize	0	114,619			114,619
Benin	88	108			196
Bhutan	(987)	216			(771)
Bolivia	(1,061)	108			(953)
Botswana	528	757			1,285
Brazil	(305)	1,081			0
Bulgaria	(10,488)	152,789	776	22/07/99	142,301
Burkina Faso	3,795	1,946			5,741
Burundi	198	216			414
Cambodia	651	108			759
Cameroon	1,300	108			1,408
Canada	2,546	1,298			3,843
Cape Verde	(27,046)	286,115	259,068	29/04/99	0
Central African Republic	1,453	216			1,669
Chad	1,534	108			1,642
Chile	1,453	108			1,561
	2,702	13,625			16,326

Table 1 (continued)

Party	1996/97/98 arrears	1999 contribution	1999 amount paid	1999 date paid	Balance
China	0	101,102	101,087	19/07/99	15
Colombia	573	11,354			11,927
Comoros	1,453	108			1,561
Congo	981	324			1,305
Cook Islands	0	108	108	20/09/99	0
Costa Rica	2,799	1,622			4,421
Côte d'Ivoire	2,377	973			3,350
Croatia	0	3,785	3,784	02/06/99	0
Cuba	78	2,703			2,782
Cyprus	2,867	3,568			6,436
Czech Republic	(14,604)	12,543			(2,060)
Democratic People's Republic of Korea	9,441	1,946			11,388
Democratic Republic of the Congo	661	757			1,418
Denmark	(3,333)	71,799	68,466	07/04/99	0
Djibouti	88	108			196
Dominica	1,453	108			1,561
Dominican Republic	0	1,592			1,592
Ecuador	4,586	2,054			6,641
Egypt	5,819	6,704			12,523
El Salvador	2,224	1,298			3,522
Eritrea	(1,061)	108			(953)
Estonia	(1,687)	1,514			(173)
Ethiopia	1,955	649			2,604
European Community	(68,268)	270,328	202,060	10/08/99	0
Fiji	0	433	433	15/02/99	0
Finland	(23,160)	56,336	56,336	29/06/99	(23,160)
France	(50)	679,603			679,553
Gabon	0	1,514			1,514
Gambia	1,453	108			1,561
Georgia	12,556	1,946			14,503

Table 1 (continued)

Party	1996/97/98 arrears	1999 contribution	1999 amount paid	1999 date paid	Balance
Germany	0	1,019,135	1,019,135	25/02/99	0
Ghana	1,208	757			1,965
Greece	11,090	36,440			47,530
Grenada	1,453	108			1,561
Guatemala	1,602	1,838			3,441
Guinea	1,618	324			1,942
Guinea-Bissau	1,402	108			1,510
Guyana	1,453	108			1,561
Haiti	169	216			385
Honduras	1,651	324			1,976
Hungary	(5,502)	12,435			6,933
Iceland	(630)	3,352			2,722
India	(736)	31,034			30,297
Indonesia	(947)	19,139			18,192
Iran (Islamic Republic of)	64,797	20,004			84,801
Ireland	(2,287)	23,248	23,299	08/01/99	(2,337)
Israel	(11)	35,899	22,000	29/06/99	13,888
Italy	0	564,444	564,444	05/08/99	0
Jamaica	(4,943)	649	1,540	07/05/99	(5,834)
Japan	(59,427)	2,076,440			2,017,012
Jordan	0	649	648	07/04/99	0
Kazakhstan	37,764	6,812			44,577
Kenya	608	757			1,365
Kiribati	103	108			211
Kuwait	(3,229)	13,949			10,720
Lao People's Democratic Republic	(1,059)	108			(951)
Latvia	(5,277)	2,487			(2,790)
Lebanon	(1,597)	1,622			25
Lesotho	(2,080)	216			(1,864)
Libyan Arab Jamahiriya	0	4,301			4,301
Liechtenstein	422	649			1,070

Table 1 (continued)

Party	1996/97/98 arrears	1999 contribution	1999 amount paid	1999 date paid	Balance
Lithuania	(5,084)	2,271			(2,813)
Luxembourg	(731)	7,029			6,298
Madagascar	0	107			107
Malawi	355	216			571
Malaysia	(1,370)	18,707			17,337
Maldives	(1,061)	108			(953)
Mali	1,618	216			1,834
Malta	52	1,406			1,457
Marshall Islands	0	108	304	17/08/99	(196)
Mauritania	1,453	108			1,561
Mauritius	(390)	973	1,149	26/05/99	(566)
Mexico	95,615	101,859			197,475
Micronesia (Federated States of)	(796)	108			(688)
Monaco	(896)	433			(463)
Mongolia	(965)	216	191	12/07/99	(940)
Morocco	0	4,217	4,217	25/03/99	0
Mozambique	(980)	108			(872)
Myanmar	(865)	865			0
Namibia	(1,159)	757			(402)
Nauru	88	108			196
Nepal	1,702	433			2,135
Netherlands	1,131	169,441	170,572	09/07/99	0
New Zealand	(22,924)	22,924	14,926		0
Nicaragua	169	108			277
Niger	1,534	216			1,750
Nigeria	0	4,109	17,989	27/01/99	(13,880)
Niue	(392)	108			(284)
Norway	(66,567)	63,365			0
Oman	(5,298)	5,298			0
Pakistan	0	6,163	122	09/04/99	6,041
Panama	1,349	1,298			2,647

Table 1 (continued)

Party	1996/97/98 arrears	1999 contribution	1999 amount paid	1999 date paid	Balance
Papua New Guinea	(559)	757	198	06/09/99	0
Paraguay	2,546	1,406			3,951
Peru	2,050	9,840	11,890	09/07/99	0
Philippines	6,494	8,326			14,820
Poland	(15,456)	21,518			6,062
Portugal	31,090	43,361			74,450
Qatar	0	3,460	3,440	29/07/99	20
Republic of Korea	(785)	103,265	102,480	11/05/99	0
Republic of Moldova	15,164	1,838			17,003
Romania	0	6,920	6,920	21/04/99	0
Russian Federation	192	154,519			154,711
Rwanda	21	108			129
Saint Kitts and Nevis	(422)	108			(314)
Saint Lucia	(1,061)	108	953	29/04/99	(1,906)
Saint Vincent and the Grenadines	588	108			696
Samoa	(89)	108			19
San Marino	(980)	216			(764)
Saudi Arabia	148,879	59,148			208,027
Senegal	1,871	649			2,520
Seychelles	(715)	216			(499)
Sierra Leone	1,453	108			1,561
Singapore	(18,274)	18,274			0
Slovakia	(4,686)	4,001			(685)
Slovenia	(2,709)	6,380			3,671
Solomon Islands	0	108	108	31/03/99	0
South Africa	(4,965)	38,062	33,097	09/04/99	0
Spain	13,801	269,030	282,831	16/04/99	0
Sri Lanka	1,096	1,298			2,394
Sudan	2,124	757			2,881
Suriname	337	433			770
Swaziland	(980)	216			(764)

Table 1 (continued)

Party	1996/97/98 arrears	1999 contribution	1999 amount paid	1999 date paid	Balance
Sweden	(12,020)	112,673			100,652
Switzerland	(806)	126,297	125,491	03/03/99	0
Syrian Arab Republic	5,229	6,596			11,825
Tajikistan	0	541			541
Thailand	2,230	17,301			19,531
The former Yugoslav Republic of Macedonia	0	433			433
Togo	1,534	108			1,642
Tonga	10	108			118
Trinidad and Tobago	1,518	1,730			3,248
Tunisia	2,361	2,920			5,281
Turkmenistan	1,265	865			2,130
Tuvalu	1,453	108			1,561
Uganda	(1,862)	433			(1,430)
Ukraine	39,923	31,358			71,281
United Arab Emirates	(6,111)	18,490			12,379
United Kingdom	(161,622)	528,869	367,246	18/03/99	0
United Republic of Tanzania	1,344	324			1,669
United States of America	(33,752)	2,703,275	2,669,523	26/05/99	0
Uruguay	4,132	4,974			9,106
Uzbekistan	(7,904)	3,893			(4,012)
Vanuatu	1,453	108			1,561
Venezuela	41,058	18,274			59,333
Viet Nam	(1)	757	727	04/01/99	29
Yemen	1,952	1,081			3,034
Yugoslavia	5,694	3,568			9,262
Zambia	1,618	216			1,834
Zimbabwe	(125)	973	848	22/03/99	0

Note: (a) Figures in brackets are overpayments which will be credited against future contributions.
(b) Slight apparent errors in balances are due to rounding.

**Table 2. Trust Fund for Participation in the UNFCCC Process:
1998-1999 contributions received as at 30 September 1999**

Party	Date received	Amount <i>(United States dollars)</i>
Denmark	06/02/98	40,000
United Kingdom	18/03/98	165,630
Germany	03/06/98	120,787
United States of America	11/06/98	500,000
Sweden	01/07/98	60,000
European Community	07/08/98	82,734
New Zealand	11/08/98	8,605
Greece	02/11/98	10,000
Norway	12/11/98	26,930
Total for 1998		1,014,686
Switzerland	25/01/99	21,898
Germany	08/02/99	125,345
United Kingdom	19/03/99	161,115
United States of America	26/05/99	500,000
Norway	17/08/99	46,567
Total for 1999		854,925
Grand total 1998-1999		1,869,611

Table 3. Trust Fund for Supplementary Activities: 1998-1999 contributions received as at 30 September 1999

Party	Date received	Amount <i>(United States dollars)</i>
Switzerland	27/01/98	90,000
Switzerland	24/04/98	4,636
Norway	19/05/98	50,000
United States of America	11/06/98	1,170,125
United Kingdom of Great Britain and Northern Ireland	19/06/98	16,262
Sweden	01/07/98	24,545
Institute for Global Environmental Studies (Japan GO)	24/09/98	75,000
Switzerland	05/10/98	14,183
France	17/12/98	11,364
Netherlands	29/12/98	15,000
United States of America		186,500
Total 1998		1,657,615
Ireland	08/01/99	5,150
Monaco	15/01/99	1,000
Denmark	20/01/99	60,000
Switzerland	25/01/99	51,095
Germany	26/01/99	129,932
United States of America	10/03/99	50,000
United Kingdom of Great Britain and Northern Ireland	23/03/99	16,077
United States of America	30/03/99	50,000
United Kingdom of Great Britain and Northern Ireland	27/04/99	25,000
Australia	27/04/99	19,173
Netherlands	30/04/99	9,398
Netherlands	10/05/99	69,500
New Zealand	19/05/99	10,500
United States of America	26/05/99	610,477
United States of America	17/06/99	5,049
Ireland	30/06/99	19,789
United States of America	29/07/99	206,500
Italy	06/08/99	121,000
Total 1999		1,459,640
Grand total 1998-1999		3,117,255

Table 4. List of Parties according to status of contributions

(a) Parties having paid contributions up to and including 1999		
Antigua and Barbuda	Lao People's Democratic Republic	Poland
Australia	Latvia	Qatar
Austria	Lebanon	Republic of Korea
Bahamas	Lesotho	Romania
Benin	Lithuania	Saint Kitts and Nevis
Bhutan	Maldives	Saint Lucia
Botswana	Marshall Island	Samoa
Canada	Mauritius	San Marino
China	Micronesia (Federated States of)	Seychelles
Cook Islands	Monaco	Singapore
Croatia	Mongolia	Slovakia
Czech Republic	Morocco	Solomon Islands
Denmark	Mozambique	South Africa
Eritrea	Myanmar	Spain
Estonia	Namibia	Swaziland
European Community	Netherlands	Switzerland
Fiji	New Zealand	Uganda
Finland	Nigeria	United Kingdom
Germany	Niue	United States of America
Ireland	Norway	Uzbekistan
Italy	Oman	Viet Nam
Jamaica	Papua New Guinea	Zimbabwe
Jordan	Peru	
68 Parties		

Table 4. (continued)

(b) Parties with 1999 contributions outstanding		
Argentina	Iceland	Pakistan
Bahrain	India	Russian Federation
Barbados	Indonesia	Rwanda
Belgium	Israel	Slovenia
Brazil	Japan	Sweden
Colombia	Kuwait	Tajikistan
Cuba	Luxembourg	Thailand
Dominican Republic	Libyan Arab Jamahiriya	The former Yugoslav Republic of Macedonia
France	Madagascar	Tonga
Gabon	Malaysia	United Arab Emirates
Hungary	Malta	
32 Parties		

(c) Parties with 1998 and 1999 contributions outstanding		
Albania	Djibouti	Portugal
Algeria	Greece	Sri Lanka
Armenia	Guatemala	Suriname
Belize	Haiti	Syrian Arab Republic
Bolivia	Kenya	Trinidad and Tobago
Bulgaria	Kiribati	Tunisia
Burkina Faso	Liechtenstein	Turkmenistan
Chile	Nauru	Ukraine
Cyprus	Nicaragua	Uruguay
Democratic Republic of the Congo	Panama	
Egypt	Philippines	
31 Parties		

Table 4. (continued)

(d) Parties with 1997, 1998 and 1999 contributions outstanding		
Burundi	Ghana	Saint Vincent and the Grenadines
Congo	Malawi	Venezuela
Georgia	Mexico	Yugoslavia
9 Parties		

(e) Parties with 1996, 1997, 1998 and 1999 contributions outstanding		
Azerbaijan	El Salvador	Niger
Bangladesh	Ethiopia	Paraguay
Cambodia	Gambia	Republic of Moldova
Cameroon	Grenada	Saudi Arabia
Cape Verde	Guinea	Senegal
Central African Republic	Guinea-Bissau	Sierra Leone
Chad	Guyana	Sudan
Comoros	Honduras	Togo
Costa Rica	Iran (Islamic Republic of)	Tuvalu
Côte d'Ivoire	Kazakhstan	United Republic of Tanzania
Democratic People's Republic of Korea	Mali	Vanuatu
Dominica	Mauritania	Yemen
Ecuador	Nepal	Zambia
39 Parties		



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Item 9 (b) of the provisional agenda

**NATIONAL COMMUNICATIONS FROM PARTIES NOT INCLUDED
IN ANNEX I TO THE CONVENTION**

PROVISION OF FINANCIAL AND TECHNICAL SUPPORT

**Report on inputs from Parties to the review by the Global Environment Facility
of enabling activities on climate change**

Note by the secretariat

I. INTRODUCTION

1. The Conference of the Parties (COP), by its decision 12/CP.4,¹ requested the secretariat to compile and make available to the Subsidiary Body for Implementation (SBI) a report containing views and concerns² identified by Parties not included in Annex I to the Convention (non-Annex I Parties), and to ensure that such views are taken into account in this review.
2. The SBI at its tenth session further agreed³ that this report should be based on views submitted by Parties with regard to the GEF review of enabling activities, statements made by Parties during the discussion of this issue at that session, information included in the initial national communications from non-Annex I Parties, further views to be submitted by Parties, and

¹ For the full texts of decisions adopted by the Conference of the Parties at its fourth session, see document FCCC/CP/1998/16/Add.1.

² On the GEF review of enabling activities on climate change.

³ FCCC/SBI/1999/8, paragraph 35 (a).

any other guidance the Parties might give to the secretariat, as well as all relevant decisions of the COP.

II. SCOPE

3. Section III of this report presents an overview of the existing provisions in the framework of the Convention which relate to enabling activities, including relevant COP decisions, as well as information provided by the GEF in its annual reports to the COP on how it has applied the COP guidance and decisions in its climate change activities. Section IV summarizes views and comments expressed by Parties in submissions on the GEF review of enabling activities and in statements made during the discussion at the tenth session of the SBI on this issue and other issues related to enabling activities. It also highlights major problems, constraints and concerns as reflected in 13 initial national communications submitted by non-Annex I Parties. The last section draws general conclusions from the information in the preceding two parts.

III. FRAMEWORK FOR ENABLING ACTIVITIES

A. Guidance from the Conference of the Parties

4. Decision 11/CP.1⁴ laid down the foundation for enabling activities, which have been defined as activities that will facilitate implementation, in accordance with the Convention, of effective response measures, such as planning and endogenous capacity-building, including institution-strengthening, training, research and education.

5. These activities concern measures related to both the communication of information, as envisaged in Article 12.1 of the Convention, which are eligible for "agreed full costs"⁵ funding, and the implementation of response measures envisaged in Article 4.1, which are eligible for "agreed full incremental costs"⁶ funding. In the initial period, emphasis should be placed on funding these activities.⁷

6. By its decision 11/CP.2, paragraph 1 (a),⁸ the COP further requested the GEF to "implement strategies on enabling activities in accordance with decision 11/CP.1 which facilitate endogenous capacity-building, including data collection and archiving, consistent with the policy

⁴ For the full texts of decisions adopted by the Conference of the Parties at its first session, see document FCCC/CP/1995/7/Add.1.

⁵ See decision 11/CP.1, paragraph 1 (c)(ii) and Article 4.3 of the Convention.

⁶ See footnote 4.

⁷ See decision 11/CP.1, paragraph 1 (b)(i).

⁸ For the full texts of decisions adopted by the Conference of the Parties at its second session, see document FCCC/CP/1996/15/Add.1.

guidance, programme priorities and eligibility criteria provided to it by the Conference of the Parties.”

7. The COP also requested the GEF, together with its implementing agencies, to “expedite the approval and the disbursement of financial resources to meet the agreed full costs incurred by the developing country Parties in complying with their obligations under Article 12.1 of the Convention, in accordance with Article 4.3, and in particular for the initial and subsequent preparation of national communications of non-Annex I Parties. In this regard, the guidelines and format adopted by the Conference of the Parties at its second session on the preparation of initial national communications by non-Annex I Parties, contained in decision 10/CP.2, shall form the basis for the funding of communications from non-Annex I Parties under Article 12.1 of the Convention”.⁹

8. The guidelines¹⁰ specify the scope and structure of the initial national communication, as well as the timing of, and the language used for, the submission.

9. Additional guidance to the GEF was provided by the COP in decision 2/CP.4, which noted the continued concerns and difficulties encountered by developing country Parties with the availability and disbursement of financial resources, including for the transfer of technology, the problems arising from the GEF project cycle, the application of the concept of incremental costs, and the availability of resources through the GEF implementing/executing agencies, and noted also the current and ongoing efforts of the GEF to address these concerns.

10. On the basis of decisions 11/CP.1, 10/CP.2, 11/CP.2 and 12/CP.2, decision 2/CP.4 highlighted a number of areas in which support for capacity-building is still needed by non-Annex I Parties. These include: implementation of Stage II adaptation¹¹ activities in particularly vulnerable countries and regions identified in Stage I activities; assessment of technology needs; participation in systematic observational networks; studies leading to the preparation of national programmes to address climate change, compatible with national plans for sustainable development; improvement of national activities for public awareness and education on climate change and response measures; and designing, evaluation and management of country-driven projects, among others.

⁹ Decision 11/CP.2, paragraph 1 (c).

¹⁰ “Guidelines for the preparation of initial communications by Parties not included in Annex I to the Convention,” decision 10/CP.2, annex.

¹¹ Decision 11/CP.1, paragraph 1 (d)(ii) defines Stage II adaptation as “measures, including further capacity-building, which may be taken to prepare for adaptation, as envisaged by Article 4.1(e)”.

B. Reports of the Global Environment Facility

11. As required by decision 12/CP.2,¹² the GEF has presented annual reports¹³ to the COP, highlighting its activities in climate change during each reporting period, and outlining the action and measures it has taken to implement the guidance and decisions of the COP.

12. The GEF has developed an operational strategy¹⁴ to guide it in the preparation of country-driven initiatives in its four focal areas. In climate change, the strategy provides for three categories of activities: (i) operational programmes¹⁵ encompassing long-term measures; (ii) enabling activities that specifically support national communications, including Stage I adaptation¹⁶ activities; and (iii) short-term response measures.

13. In response to decision 11/CP.1, the GEF prepared the *Operational Criteria for Enabling Activities for Climate Change* to guide the enabling activities related to the preparation of national communications based on the provisions of Article 12.1. However, in light of decision 11/CP.2, these operational criteria were replaced by the *Operational Guidelines for Expedited Financing of Initial Communications from Non-Annex I Parties*, which became effective in February 1997.

14. The Operational Guidelines, which draw on the detailed guidelines established by decision 10/CP.2, form the basis for the expedited financing of initial national communications. They do not, however, address enabling activities other than those related to national communications. The financing for these other enabling activities "is available through the normal procedures for GEF financing".¹⁷ The recommended ceiling for funding under the

¹² "Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility".

¹³ The GEF reports to COP 2, COP 3 and COP 4 are contained in documents FCCC/CP/1995/4; FCCC/CP/1996/8; FCCC/CP/1997/3; and FCCC/CP/1998/12, respectively.

¹⁴ Operational Strategy of the Global Environment Facility (February 1996).

¹⁵ There are three climate change operational programmes (OP): OP Number 5: Removal of barriers to energy efficiency and energy conservation; OP Number 6: Promoting the adoption of renewable energy by removing barriers and reducing implementation costs; OP Number 7: Reducing the long-term costs of low greenhouse gas-emitting energy technologies (see GEF Operational Programs, June 1997). Elements of two new operational programmes have been approved by the GEF Council: one on transport and the other on carbon sequestration (see footnote 22 and also Joint Summary of the Chairs, GEF Council Meeting, 5-7 May 1999).

¹⁶ Decision 11/CP.1, paragraph 1 (d)(i) defines Stage I adaptation as "planning, which includes studies of possible impacts of climate change, to identify particularly vulnerable countries or regions and policy options for adaptation and appropriate capacity-building".

¹⁷ See *Global Environment Facility Operational Guidelines for Expedited Financing of Initial Communications from Non-Annex I Parties* (February 1997).

expedited procedures is US\$ 350,000 per recipient country.¹⁸ Up to 15 per cent of the total budget is to be made available for start-up work as soon as the Chief Executive Officer of the GEF approves the project proposal.¹⁹

15. Meanwhile, the GEF has made certain efforts to cater for the concerns expressed by the Parties by streamlining its project cycle, increasing support for country-level coordination, strengthening its monitoring and evaluation programme, ensuring that its activities are country-driven and consistent with national priorities and objectives, further developing its resource allocation strategy to maximize the effectiveness of its climate change activities and making the process of determining incremental costs more transparent and pragmatic.²⁰

16. In 1996, the GEF financed the global project "CC:TRAIN Phase II Programme",²¹ which aims to enhance the technical capacity of a number of non-Annex I Parties to prepare initial national communications. This project will end in 1999.

17. In 1998, the GEF approved another global project entitled "National Communication Support Programme", which aims to improve the quality, comprehensiveness and timeliness of the initial communications from non-Annex I Parties.²² This project will end in 2000.

18. As of 30 June 1999, financing for enabling activities related to the preparation of national communications, mostly under expedited procedures, in 134 countries had been approved, as indicated in the GEF report (FCCC/CP/1999/3) which will be considered by the COP at its fifth session.

¹⁸ Consistent with decision 2/CP.4, the present scope of the expedited procedures for enabling activities will be revised in order to allow recipient countries to address immediate capacity-building priorities. The GEF may approve up to US\$ 450,000 per country for enabling activities through expedited procedures, including revisions to initial projects. See Joint Summary of the Chairs, GEF Council Meeting, 5-7 May 1999.

¹⁹ See "Report of the Global Environment Facility to the third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change" (FCCC/CP/1997/3).

²⁰ See "Report of the Global Environment Facility to the fourth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change" (FCCC/CP/1998/12), and also Joint Summary of the Chairs, GEF Council Meeting, 5-7 May 1999.

²¹ See "Report of the Global Environment Facility to the second session of the Conference of the Parties to the United Nations Framework Convention on Climate Change" (FCCC/CP/1996/8) and FCCC/SBI/1999/INF.7.

²² See footnote 20.

IV. INPUTS FROM PARTIES ON THE GEF REVIEW OF ENABLING ACTIVITIES

A. Summary of views submitted by Parties

19. As of 31 August 1999, eight Parties, namely Mexico, the Philippines, Switzerland, the United States of America,²³ Chile, Kenya, the Sudan and Uzbekistan²⁴ had made submissions on the GEF review of enabling activities.

20. In particular, the six non-Annex I Parties expressed their views and concerns based on their own experience with enabling activities related to the preparation of initial national communications. Many of these concerns are common, such as further need for capacity-building, including institution-strengthening, while others are specific to national circumstances, such as the need to establish a national process for elaborating or revising national action plans on response to climate change. The issues raised range from the scope of the GEF review of enabling activities, its process, composition and the extent of participation, to technical and financial support needed for an enlarged scope of enabling activities, problems with project implementation (difficulties with implementing agencies), funds disbursement and the transparency of the enabling activities project review and approval process.

21. The major issues and concerns raised in the submissions are briefly synthesised as follows:

Scope and participation

22. The scope of the review should cover all enabling or capacity-building activities rather than just those related to the preparation of national communications. Other multilateral and bilateral contributions to enabling activities should be included. It should address all issues and concerns identified by non-Annex I Parties in the implementation of enabling activities.

23. The review process should be more transparent to include relevant stakeholders.

Financial and technical support

24. New and additional funds are needed for the enlarged scope of enabling activities as reflected in decision 2/CP.4. There is a need to establish national processes for elaborating or revising national action plans on response to climate change, including capacity-building and institution-strengthening. Existence of technological gaps within non-Annex I Parties should be recognized.

²³ See FCCC/SBI/1999/MISC.2 for submissions from Mexico, the Philippines, Switzerland and the United States of America.

²⁴ See FCCC/SBI/1999/MISC.5 for submissions from Chile, Kenya, the Sudan and Uzbekistan.

25. In particular, technical and financial support in the following areas is still needed:

(a) Greenhouse gas inventories: there is a need to enhance national capacity for data collection, management and analysis, including the adaptation of inventory software applicable to national circumstances. For those non-Annex I Parties which have completed their initial national communications, there is a need to update the GHG inventories, using improved regional emission coefficients;

(b) Mitigation options: social, economic and environmental impacts of various mitigation options should be assessed, including carbon sequestration and energy technologies assessments;

(c) Regional studies on vulnerability and adaptation;

(d) Support for studies on climate variability and climate change; climate monitoring and observations;

(e) Development of information systems;

(f) Appropriate use of national experts.

Operational issues

26. Some non-Annex I Parties have experienced difficulties with the GEF implementing agencies. One submission pointed out that the implementing agencies, in general, fail to take into account paragraph 4 of decision 2/CP.4,²⁵ and hence there is a need to ensure consistency of the action taken by the implementing agencies with the Convention and the decisions of the COP.

27. One submission expressed the view that the GEF review should focus on operational effectiveness, including an analysis of (i) the performance of enabling activity projects, so that remedial action can be taken for those which performed unsatisfactorily; (ii) project design and implementation; and (iii) the relation between enabling activities and economic development programmes, including uses of development assistance.

²⁵ Paragraph 4 of decision 2/CP.4 requests the GEF to ensure that its implementing/executing agencies are made aware of Convention provisions and decisions adopted by the Conference of Parties in the performance of their GEF obligations, and are encouraged, as a first priority, whenever possible, to use national experts/consultants in all aspects of project development and implementation.

Enabling activities project review and approval process

28. One non-Annex I Party, based on its own experience, appealed for a more transparent project review process, including consultation with the GEF Scientific and Technical Advisory Panel when controversy arises due to the technical content of the project and/or appropriateness of the proposed budget.

29. Another non-Annex I Party advocated for more transparency in the project approval process, including the disclosure of the level of funding originally requested and that finally approved, with an explanation for the discrepancies.

Funds disbursement

30. One submission called for disclosure of the dates of the effective availability of funds to the Parties for the preparation of their initial and subsequent national communications. Another submission on a related issue requested the processes leading to the approval and disbursement of GEF funds to be expedited.

Provision of information

31. One submission requested that the following information be provided:

(a) Number of projects submitted to implement Article 4.1 and in accordance with Article 12.4, and the number of these projects accepted and rejected;

(b) Examples of the application of the concept of agreed full incremental costs for the implementation of measures under Article 4.1, and agreed full costs with a view to determining the implementation of Article 4.3 of the Convention.

Second national communications

32. For those non-Annex I Parties which have completed their initial national communications, funds are required for the second national communications, so that the process of national communication can be sustained.

B. Statements made by Parties at the tenth session of the SBI

33. At the tenth session of the SBI, many Parties expressed their views during the discussion of the GEF review of enabling activities, including the Philippines on behalf of the Group of 77 and China, and Germany on behalf of the European Community and its member States. As enabling activities are also related to national communications from non-Annex I Parties and to provision of financial and technical support, the views expressed during the discussion of these two issues are also included in this synthesis. Other Parties which expressed views on the enabling activities and related issues were: Australia, Botswana, Brazil, China, Japan,

the Republic of Korea, Saudi Arabia, Switzerland, Togo, the United Kingdom (also on behalf of the European Community and its member States) and the United States of America.

34. Many of the issues raised in these statements had also been raised in earlier sessions, as reflected in decision 2/CP.4, and in the submissions made before the tenth session of the SBI.²⁶ These include: the availability and timeliness of financial and technical support; training; timely completion of initial national communications; guidelines for second national communications; and transfer of technology, among others.

35. Some of the constraints encountered by non-Annex I Parties and their needs are common, while others are differentiated. For example, one Party cited the difficulties of many francophone countries in applying computer models published only in English. There are widely differing views between the United States and the European Community and its member States on the one hand, and the Group of 77 and China on the other, regarding the performance of the GEF, as well as the revision of guidelines for second national communications.

36. The issues raised are summarized below:

Scope of the review

37. One Party was of the view that the scope of the review should be extended beyond the GEF initiatives to other actors while another Party suggested that the review should include the proposals contained in FCCC/SBI/1999/MISC.1 (i.e. the views of the Parties on consideration and timing of second national communications from non-Annex I Parties).

Financial and technical support

38. Some Annex I Parties were of the view that the financial mechanism is responding adequately and that the GEF is working reasonably well. On the other hand, many non-Annex I Parties have experienced the constraints of the GEF support, including insufficiency of funds; hence, more financial and technical assistance is needed, particularly for the small island States.

39. To many non-Annex I Parties, there is still a lack of financial and technical support, and financial resources are a prerequisite for national communications.

40. A few non-Annex I Parties found the Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories and climate models complex and difficult, and IPCC default values inapplicable to local conditions, therefore assistance is required to address these issues.

²⁶ See FCCC/SBI/1999/MISC.2 for submissions from Mexico, the Philippines, Switzerland and the United States of America.

Training

41. Some non-Annex I Parties recognized that capacity-building, including training, is time-consuming. A non-Annex I Party recommended a longer training period in developing countries in which the technical infrastructure is insufficient, and that training of local experts should be given according to their respective areas and in their respective languages.

42. Some Annex I Parties suggested that the CC:TRAIN programme be reviewed.²⁷ There is a consensus among both Annex I and non-Annex I Parties that more regional training efforts should be promoted.

National communications

43. Further assistance and additional funds are needed to improve the initial communications of non-Annex I Parties (e.g. development of national emission factors and improvement of systematic observation). The support for national communications should be continuous to make the process sustainable.

44. Some Annex I Parties pointed out the importance of national communications from non-Annex I Parties and that national GHG inventories of non-Annex I Parties should be revised. They recommended country visits of expert teams, which could be helpful in understanding the special conditions of developing countries. Further compilation and synthesis reports should take such information into account.

45. Some Annex I Parties recommended that new or revised guidelines be adopted for the second national communications of non-Annex I Parties. On the other hand, many non-Annex I Parties expressed the view that revision of the guidelines is not possible until experience shows how the current guidelines have been used.

C. Information reported in initial national communications

46. As at 31 August 1999, 13 non-Annex I Parties had submitted their initial national communications.²⁸ Of these, only the Republic of Korea had not requested any financial support to prepare its initial national communication.

²⁷ CC:TRAIN Phase II Programme was evaluated by an independent consultant in 1998 and the evaluation report was considered by a tripartite review team on 3 November 1998 in Buenos Aires, Argentina.

²⁸ These are: Argentina, Armenia, Egypt, the Federated States of Micronesia, Georgia, Jordan, Kazakhstan, Mauritius, Mexico, the Republic of Korea, Senegal, Uruguay and Zimbabwe.

47. Each initial communication has highlighted certain financial and technological needs and constraints of the Party, as largely reflected in the compilation and synthesis report.²⁹ In particular, Armenia, Georgia and Kazakhstan, whose economies are in transition, face certain problems which are unique to their situation. On the other hand, the Federated States of Micronesia and Mauritius, being small island States, are far more concerned with accelerated sea-level rise and adaptation measures.

48. The dominant theme is the need for further assistance and capacity-building in various areas, including the following:

- (a) Updating and improvement of GHG inventories on a continuing basis;
- (b) Assistance in identifying specific response measures and assessing the effectiveness of such measures. The main needs include information (measurements and data), methodologies (integrated assessment - to determine the economic and social implications of the options and to integrate measures identified into national sustainable development), technical training (to understand and assess climate risk) and institutional capacity enhancement (to develop and operate analytical models to assess the economic and social costs and benefits of the potential measures);
- (c) Assessment of environmental, economic and social costs and benefits of climate change impacts and adaptation measures for a number of key economic sectors such as agriculture, water resources, coastal zones, fisheries, human health and natural ecosystems, including analysis of cross-sectoral effects and impacts;
- (d) Strengthening of institutions for research, monitoring and environmental management. Assistance was requested for sectors such as agriculture, water resources, coastal zone management and natural ecosystems. Parties also requested assistance for the implementation measures to address climate change. These measures include the development of institutional capacities for research and training to facilitate the transfer of environmentally sound technologies. Assistance was also requested for implementing projects in areas such as energy efficiency, renewable energy, fuel switching, efficient public transport and sink enhancement to abate emissions and for the development of appropriate regulatory and legislative frameworks;
- (e) Systematic observation of the climate system, environmental monitoring systems, data collection and climate change modelling.
- (f) Improved information flows, scientific research, and infrastructure.

²⁹ See also FCCC/SBI/1999/11.

V. CONCLUSIONS

49. Decision 11/CP.1 provided a broad framework for enabling activities, which include those related to the funding of "agreed full costs" of preparing initial national communications under Article 12.1 and those related to the funding of "agreed full incremental costs" of implementing response measures under Article 4.1. Further, guidance to the GEF on implementing these activities is provided in decisions 10/CP.2, 11/CP.2 and 2/CP.4.

50. As the operating entity of the financial mechanism of the Convention, the GEF has made efforts to respond to the COP guidance but despite those efforts, non-Annex I Parties still have major concerns. These concerns touch upon issues related to the availability and sufficiency of financial and technical support, difficulties with the GEF implementing agencies and the GEF review and approval processes; training; information flow and exchange; and institution-strengthening. Many non-Annex I Parties are of the view that the level of funding for enabling activities is still inadequate and more financial and technical assistance is needed.

51. Timely disbursement of approved funds, in particular the 15 per cent to be disbursed immediately after project approval under the expedited procedures, remains a problem due to the disbursement procedures of the implementing agencies. There is an urgent need for the GEF secretariat to resolve this issue with the implementing agencies, so as to avoid any long delay in the disbursement of funds.

52. Further assistance and additional funds are needed to fill in various gaps identified during the preparation of initial national communications, as reflected in decision 2/CP.4.

53. Capacity-building in various areas related to Articles 12.1 and 4.1 remains a major issue for many non-Annex I Parties.

54. Some non-Annex I Parties suggested that the scope of the GEF review on enabling activities be enlarged to include not only those related to the preparation of national communications, but also those related to response measures as envisaged under Article 4.1. They also urged that the review process should be more transparent.



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ADMINISTRATIVE AND FINANCIAL MATTERS

INCOME AND BUDGET PERFORMANCE IN THE BIENNIUM 1998-1999

Unaudited financial statements for the biennium 1998-1999 as at 31 December 1998

Note by the Executive Secretary

1. The financial procedures of the Convention stipulate that "an interim statement of accounts for the first year of the financial period shall be provided to the Conference of the Parties during the second year of the period" (FCCC/CP/1995/7/Add.1, decision 15/CP.1, annex I, para. 19).
2. The unaudited financial statements for the biennium 1998-1999, as at 31 December 1998, are attached as an annex to this cover note. They are reproduced as received without formal editing. This document should be read in conjunction with document FCCC/SBI/1999/10, which provides further information on income and expenditure.
3. The Conference of the Parties may wish to take note of the information contained in the interim financial statements, and provide guidance to the Executive Secretary as necessary.

Annex

**UNITED NATIONS FRAMEWORK CONVENTION
ON CLIMATE CHANGE (UNFCCC)**

**UNAUDITED FINANCIAL STATEMENTS
FOR THE BIENNIUM 1998-1999
AS AT 31 DECEMBER 1998**

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I. NARRATIVE FINANCIAL REPORT FOR THE BIENNIUM 1998-1999
AS AT 31 DECEMBER 1998

Introduction

1. The Executive Secretary has the honour to submit herewith the financial report, together with the accounts for the first year of the biennium 1998-1999 as at 31 December 1998, of the United Nations Framework Convention on Climate Change (UNFCCC). The report is presented in accordance with paragraph 16 of the Financial and common services arrangements for administrative support to the UNFCCC Secretariat.

STATEMENT I

Statement of income and expenditure and changes in
reserves and fund balances

I. Trust Fund for the Core Budget of UNFCCC

2. The amount of \$8,757,717 shown in Statement I represents indicative contributions from Governments. Of this amount, \$2,577,232 had not yet been paid by the end of 1998 and the amount of \$837,989 represents voluntary contributions paid by the host country to the Core Administrative Budget for the year 1998 (Schedules 1.1 and 1.2). In addition, \$256,187 was received as interest income, and \$342 as other income, bringing the total income to \$9,852,235. Expenditures for the year 1998, including loss-on-exchange of \$10,782, amounted to \$8,587,664, which resulted in an excess of income over expenditure of \$1,264,571. The prior period adjustments of \$24,899 increased the excess to \$1,289,470. The reserve and fund balance of the Core Administrative Budget amounted to \$5,515,281 at the end of December 1998.

II. Trust Fund for Participation in the UNFCCC Process

3. A total amount of \$1,014,685 was received during 1998 as voluntary contributions from various governments (Schedule 1.1). In addition \$57,577 was received as interest income. Thus, the total income of the fund was \$1,072,262.

4. The total expenditure, which included \$2,519 as loss-on-exchange, was \$1,607,135, resulting in a shortfall of income over expenditure of \$534,873. The prior period adjustment of \$105,817 reduced the shortfall to \$429,056.

5. The reserves and fund balance of the fund amounted to \$1,196,777 at the end of December 1998.

III. Trust Fund for the Special Annual Contribution from the Government
of Germany (Bonn Fund)

6. \$1,949,997 was received from the Government of Germany. Total income in this fund was \$1,977,123 after inclusion of \$17,284 as interest income and \$9,842 as miscellaneous income.
7. The expenditure amounted to \$1,924,400, which resulted in an excess of income over expenditure of \$52,723.
8. Together with the transfer of \$934,384 from the Trust Fund for Supplementary Activities and the refund of \$313,427 to the Government of Germany, the fund balance of the fund amounted to \$673,680 at the end of December 1998.

IV. Trust Fund for Supplementary Activities

9. The voluntary contributions to the fund amounted to \$1,670,918 for the year 1998 (Schedule 1.1). Total income in this fund was \$1,768,621 after inclusion of interest income of \$97,703.
10. Total expenditure, including loss on exchange of \$26,422 was \$1,255,130 which resulted in an excess of income over expenditure of \$513,491. The prior period adjustments increased the excess to \$526,270.
11. The reserve and fund balance reached \$1,784,971 after the transfer of \$934,384 to the Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund) at the end of 1997.

STATEMENT II

Statement of assets, liabilities, reserves and fund balances

I. Trust Fund for the Core Budget of UNFCCC

12. The assets of the Trust Fund amounted to \$7,450,815 and included cash of \$2,760,044, indicative contributions receivable of \$3,227,691, interfund balances receivable of \$578,491 and other accounts receivable of \$884,589.
13. The liabilities consisted of other accounts payable of \$332,408, unliquidated obligations of \$927,042 and contributions received in advance of \$676,084.
14. The Working Capital Reserve was \$629,983 by the end of 1998 and the cumulative surplus of the fund was \$4,885,298.

II. Trust Fund for Participation in the UNFCCC Process

15. Total assets of \$2,614,143 included cash of \$2,005,757, other accounts receivable of \$8,386 and the remittance of \$600,000 to the conference in Buenos Aires in October 1998.
16. The liabilities consisted of inter-fund balances payable of \$442,445, other accounts payable of \$5,613 and unliquidated obligations of \$969,308.
17. The Cash Operating Reserve of the fund amounted to \$142,001 and the cumulative surplus to \$1,054,776 at the end of December 1998.

III. Trust fund for the Special Annual Contribution from the Government of Germany (Bonn Fund)

18. The total assets of the fund consisted of cash of \$1,403,625 and other accounts receivable of \$6,576.
19. The liabilities includes inter-fund balances payable of \$67,032, other accounts payable of \$50,824 and unliquidated obligations of \$618,665.
20. The Cash Operating Reserve of the fund amounted to \$255,451 and the cumulative surplus to \$418,229 at the end of December 1998.

IV. Trust Fund for Supplementary Activities

21. The assets of the fund amounted to \$2,112,928 and included cash of \$2,010,138, inter-fund balances payable of \$49,772, other accounts receivable of \$3,018 and the remittance of \$50,000 to the meeting in the field.
22. The liabilities consisted of other accounts payable of \$186,040 and unliquidated obligations of \$141,917.
23. The Cash Operating Reserve reached \$163,103 and the cumulative surplus was \$1,621,868.

II. ACCOUNTS FOR THE BIENNIUM 1998-1999 AS AT 31 DECEMBER 1998

Statement I UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Statement of income and expenditures and changes in reserves and fund balances
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

	TF FOR THE CORE BUDGET OF THE UNFCCC	TF FOR PARTICIPATION IN THE UNFCCC PROCESS	TF FOR THE SPECIAL ANNUAL CONTRIBUTION FROM THE GOVERNMENT OF GERMANY	TF FOR SUPPLEMENTARY ACTIVITIES	TOTAL
INCOME:					
Indicative Contributions	8,757,717	-	-	-	8,757,717
Pledges Contributions	837,989	1,014,685	1,949,997	1,670,918	5,473,589
Received under Inter-Organization arrangements	-	-	-	-	-
Interest income	256,187	57,577	17,284	97,703	428,751
Miscellaneous income	342	-	9,842	-	10,184
TOTAL INCOME	9,852,235	1,072,262	1,977,123	1,768,621	14,670,241
EXPENDITURE:					
Staff and other personnel costs	5,663,237	-	509,392	677,239	6,849,868
Travel	595,697	1,420,014	426,951	181,169	2,623,831
Contractual services	67,792	-	-	20,676	88,468
Operating expenses	321,302	2,519	756,666	70,778	1,151,265
Acquisitions	132,916	-	-	2,962	135,878
Fellowships, grants and other	819,999	-	10,000	160,950	990,949
Total direct expenditure	7,600,943	1,422,533	1,703,009	1,113,774	11,840,259
Programme support costs	986,721	184,602	221,391	141,356	1,534,070
TOTAL EXPENDITURE	8,587,664	1,607,135	1,924,400	1,255,130	13,374,329
Excess (shortfall) of income over expenditures	1,264,571	(534,873)	52,723	513,491	1,295,912
Prior period adjustments	24,899	105,817	-	12,779	143,495
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURES	1,289,470	(429,056)	52,723	526,270	1,439,407
Transfers (to) from other funds	-	-	934,384	(934,384)	-
Refund to donors	-	-	(313,427)	-	(313,427)
Savings on prior period's obligations	169,126	588,716	-	98,301	856,143
RESERVES AND FUND BALANCES:	4,056,685	1,037,117	-	2,094,784	7,188,586
BEGINNING OF PERIOD					
RESERVES AND FUND BALANCES:					
END OF PERIOD	5,515,281	1,196,777	673,680	1,784,971	9,170,709

The accompanying notes are an integral part of the financial statements.

Statement II

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
 Statement of assets, liabilities, and reserves and fund balances
 for the biennium 1998-1999 as at 31 December 1998
 (Expressed in US Dollars)

	TF FOR THE CORE BUDGET OF THE UNFCCC FC	TF FOR PARTICIPATION IN THE UNFCCC PROCESS FI	TF FOR THE SPECIAL ANNUAL CONTRIBUTION FROM THE GOVERNMENT OF GERMANY FQ	TF FOR SUPPLEMENTARY ACTIVITIES FR	TOTAL
ASSETS					
Cash and term deposits	2,760,044	2,005,757	1,403,625	2,010,138	8,179,564
Investments	-	-	-	-	-
Indicative contributions receivable	3,227,691	-	-	-	3,227,691
Inter-fund balances receivable	578,491	-	-	49,772	628,263
Other accounts receivable	884,589	8,386	6,576	3,018	902,569
Operating funds provided to executing agencies	-	600,000	-	50,000	650,000
TOTAL ASSETS	7,450,815	2,614,143	1,410,201	2,112,928	13,588,087
LIABILITIES					
Inter-fund balances payable	-	442,445	67,032	-	509,477
Other accounts payable	332,408	5,613	50,824	186,040	574,885
Unliquidated obligations	927,042	969,308	618,665	141,917	2,656,932
Contributions/Payments received in advance	676,084	-	-	-	-
TOTAL LIABILITIES	1,935,534	1,417,366	736,521	327,957	3,741,294
RESERVES AND FUND BALANCES					
Operating reserve	-	142,001	255,451	163,103	560,555
Working Capital Reserve	629,983	-	-	-	629,983
Cumulative surplus (deficit)	4,885,298	1,054,776	418,229	1,621,868	7,980,171
TOTAL RESERVES AND FUND BALANCES	5,515,281	1,196,777	673,680	1,784,971	9,170,709
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	7,450,815	2,614,143	1,410,201	2,112,928	12,912,003

The accompanying notes are an integral part of the financial statements.

Notes

- 1 The contributions received are all in convertible currencies.
- 2 Including loss on exchange of US\$10,782.
- 3 Including loss on exchange of US\$2,519.
- 4 Including loss on exchange of US\$26,422.
- 5 Representing: a/ US\$2,913 received from UNNY for PSC adjustment on prior years unliquidated obligations, b/ US\$21,986 for PSC adjustment on 1997 savings.
- 6 Representing: a/ US\$38,837 received from UNNY for PSC adjustment on prior years unliquidated obligations, b/ US\$76,533 for PSC adjustment on 1997 savings.
Less: c/ Prior years expenditures adjustments as follows: US\$1,234 (325-00858), US\$1,410 (425-00083), US\$3,134 (506-99813), US\$ 1,764 (506-85498), US\$2,011 (506-90598).
- 7 Representing PSC adjustment on 1997 savings.
- 8 Representing transfer of funds from FR fund to FQ fund as per Mr. Beyene's memorandum dated 11 May 1998.
- 9 Representing refund of unspent balance of DM557,900 to the German Government in relation with their 1996 special contribution of DM2,000,000.

Schedule 1.1
Page 1 of 2

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of pledges for the biennium 1998-1999 as at 31 December 1998
(Expressed in US dollars)

Countries/Trust Funds	Pledges receivable as at 01.01.1998	ADD: Pledges for 1998 and adj. of prior pledges	ADD: Pledges for 1999	LESS: Collections in 1998	LESS: Loss (gain) on exchange	Pledges receivable as at 31.12.1998
I. Trust Fund for the Core Budget of UNFCCC (FC)						
Germany	-	837,989	-	837,989	-	-
Total	-	837,989	-	837,989	-	-
II. Trust Fund for Participation in the UNFCCC Process (FI)						
Denmark	-	40,000	-	40,000	-	-
European Community	-	82,734	-	82,734	-	-
Germany	-	120,787	-	120,787	-	-
Greece	-	10,000	-	10,000	-	-
New Zealand	-	8,604	-	8,604	-	-
Norway	-	26,930	-	26,930	-	-
Sweden	-	60,000	-	60,000	-	-
United Kingdom	-	165,630	-	165,630	-	-
United States	-	500,000	-	500,000	-	-
Total	-	1,014,685	-	1,014,685	-	-
III. Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund)						
Germany	-	1,949,997	-	1,949,997	-	-
Total	-	1,949,997	-	1,949,997	-	-

Schedule 1.1
Page 2 of 2**UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE**Combined status of pledges for the biennium 1998-1999 as at 31 December 1998
(Expressed in US dollars)**Countries/Trust Funds**

	Pledges receivable as at 01.01.1998	ADD: Pledges for 1998 and adj. of prior pledges	ADD: Pledges for 1999	LESS: Collections in 1998	LESS: Loss (gain) on exchange	Pledges receivable as at 31.12.1998
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IV. Trust Fund for Supplementary Activities (FR)

France	-	11,365	-	11,365	-	-
Japan	-	75,000	-	75,000	-	-
Netherlands	-	15,000	-	15,000	-	-
Norway	-	50,000	-	50,000	-	-
Sweden	-	24,545	-	24,545	-	-
Switzerland	-	108,819	-	108,819	-	-
United Kingdom	-	16,262	-	16,262	-	-
United States	-	1,369,927 ¹	-	1,369,927	-	-
Total	-	1,670,918	-	1,670,918	-	-
GRAND TOTAL	-	5,473,589	-	5,473,589	-	-

¹ Including 1995 USA contribution for US\$ 186,500 (US\$125,000 and US\$ 61,500) received from UNNY in 1998.

The accompanying notes are an integral part of the financial statements.

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
 Combined status of indicative contributions unpaid for the Core Budget
 for the biennium 1998-1999 as at 31 December 1998
 (Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Trust Fund for the Core Budget of UNFCCC (FC)					
Albania	639	253	-	-	892
Algeria	21,846	9,787	-	12,011	19,622
Antigua and Barbuda	-	169	980	1,149	-
Argentina	29,780	64,795	-	29,780	64,795
Armenia	-	2,278	-	-	2,278
Australia	-	124,106	153,929	278,035	-
Austria	-	78,885	-	74,253	4,632
Azerbaijan	16,384	5,062	-	-	21,446
Bahamas	2,731	1,266	-	1,484	2,513
Bahrain	-	1,519	701	2,220	-
Bangladesh	1,365	844	-	-	2,209
Barbados	1,365	675	-	761	1,279
Belgium	67,190	92,468	-	67,190	92,468
Belize	-	88	-	-	88
Benin	750	169	988	1,907	-
Bhutan	-	88	1,061	1,149	-
Bolivia	1,365	675	-	1,513	527
Botswana	-	844	305	1,149	-
Brazil	-	127,734	-	-	127,734
Bulgaria	6,006	3,797	-	9,801	2
Burkina Faso	-	169	-	-	169

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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Combined status of indicative contributions unpaid for the Core Budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Burundi	563	88	-	-	651
Cambodia	1,211	88	-	-	1,299
Cameroon	1,365	1,181	-	-	2,546
Canada	-	238,341	27,090	265,431	-
Cape Verde	1,365	88	-	-	1,453
Central African Republic	1,365	169	-	-	1,534
Chad	1,365	88	-	-	1,453
Chile	-	9,534	-	6,828	2,706
China	-	76,016	-	75,985	31
Colombia	(1,274)	9,112	-	-	7,838
Comoros	1,365	88	-	-	1,453
Congo	(652)	1,633	1	-	981
Congo, Democratic Rep. of	-	675	-	-	675
Cook Islands	1,365	88	-	-	1,453
Costa Rica	1,365	1,434	-	-	2,799
Côte d'Ivoire	1,365	1,012	-	-	2,377
Croatia	6,756	4,725	-	-	4,725
Cuba	-	3,290	-	6,756	99
Cyprus	-	2,869	3,567	3,191	-
Czech Republic	-	14,258	14,598	6,436	-
Denmark	-	57,961	3,309	28,856	-
Djibouti	-	88	-	61,270	-
Dominica	1,365	88	-	-	88
Ecuador	2,730	1,856	-	-	1,453
Egypt	-	5,821	-	-	4,586
					5,821

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
 Combined status of indicative contributions unpaid for the Core Budget
 for the biennium 1998-1999 as at 31 December 1998
 (Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
El Salvador	1,211	1,012	-	-	2,223
Eritrea	(1,149)	88	1,061	-	-
Estonia	-	1,940	1,687	3,627	-
Ethiopia	1,365	591	-	-	1,956
European Community	-	218,943	68,267	287,210	-
Fiji	-	337	-	-	337
Finland	-	45,390	23,142	68,532	-
France	-	547,869	43	547,932	-
Gambia	1,365	88	-	-	1,453
Georgia	7,664	4,893	-	-	12,557
Germany	-	812,468	-	773,671	38,797
Ghana	365	844	-	-	1,209
Greece	-	31,048	-	20,000	11,048
Grenada	1,365	88	-	-	1,453
Guatemala	-	1,603	-	-	1,603
Guinea	1,365	253	-	-	1,618
Guinea-Bissau	1,313	88	-	-	1,401
Guyana	1,365	88	-	-	1,453
Haiti	-	169	-	-	169
Honduras	1,313	337	-	-	1,650
Hungary	-	10,040	5,497	15,537	-
Iceland	-	2,700	628	3,328	-
India	23,271	25,732	744	49,747	-
Indonesia	-	14,596	941	15,537	-

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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Combined status of indicative contributions unpaid for the Core Budget

for the biennium 1998-1999 as at 31 December 1998

(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: indicative contributions for 1998 and adjustment of prior periods	Add: indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Iran, Islamic Republic of	39,244	25,564	-	-	64,808
Ireland	-	18,814	2,279	21,093	-
Israel	-	27,757	-	-	27,757
Italy	380,855	455,083	-	814,741	21,197
Jamaica	-	506	-	-	506
Japan	-	1,517,029	-	-	1,517,029
Jordan	-	675	-	-	675
Kazakhstan	27,307	10,462	-	-	37,769
Kenya	-	591	-	-	591
Kiribati	-	88	-	-	88
Korea, Democratic People's Republic of	6,826	2,615	-	-	9,441
Korea, Republic of	-	80,572	752	81,324	-
Kuwait	-	12,993	3,223	16,216	-
Lao People's Democratic Republic	207	88	1,061	1,356	-
Latvia	(9,156)	3,881	5,275	-	-
Lebanon	1,365	1,350	1,596	4,311	-
Lesotho	(798)	169	629	-	-
Liechtenstein	-	422	-	-	422
Lithuania	-	3,797	5,082	8,879	-
Luxembourg	-	5,568	730	6,298	-
Malawi	1,365	169	-	600	934
Malaysia	-	14,174	1,364	15,538	-
Maldives	-	88	1,061	1,149	-
Mali	1,365	253	-	-	1,618

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
 Combined status of indicative contributions unpaid for the Core Budget
 for the biennium 1998-1999 as at 31 December 1998
 (Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Malta	423	1,181	-	1,553	51
Marshall Islands	-	88	-	-	88
Mauritania	1,365	88	-	-	1,453
Mauritius	-	759	390	1,149	-
Mexico	85,818	79,391	-	40,832	124,377
Micronesia	-	88	796	884	-
Moldova, Republic of	11,538	3,628	-	-	15,166
Monaco	639	253	896	1,788	-
Mongolia	-	169	984	1,153	-
Morocco	(1,222)	3,459	-	-	2,237
Mozambique	1,365	169	980	2,514	-
Myanmar	-	759	390	1,149	-
Namibia	-	591	1,158	1,749	-
Nauru	-	88	-	-	88
Nepal	1,365	337	-	-	1,702
Netherlands	-	136,593	-	135,490	1,103
New Zealand	(26,636)	18,645	22,917	14,926	-
Nicaragua	648	169	-	649	168
Niger	1,365	169	-	-	1,534
Nigeria	-	5,906	-	-	5,906
Niue	-	88	391	479	-
Norway	-	51,043	63,344	114,387	-
Oman	-	4,218	5,297	9,515	-
Pakistan	3,734	5,062	-	-	8,796

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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of indicative contributions unpaid for the Core Budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Panama	-	1,350	-	-	1,350
Papua New Guinea	-	591	558	1,149	-
Paraguay	1,365	1,181	-	-	2,546
Peru	4,504	7,171	-	9,622	2,053
Philippines	8,192	6,496	-	8,192	6,496
Poland	-	21,176	15,448	36,624	-
Portugal	-	31,048	-	-	31,048
Qatar	-	2,784	-	-	2,784
Romania	20,480	8,606	-	16,670	12,416
Russian Federation	278,979	242,391	-	12,000	509,370
Saint Kitts and Nevis	-	88	1,061	1,149	-
Saint Lucia	639	88	1,061	1,788	-
Saint Vincent and the Grenadines	500	88	-	-	588
Samoa	-	88	108	196	-
San Marino	1,365	169	980	2,514	-
Saudi Arabia	98,785	50,115	-	-	148,900
Senegal	1,365	506	-	-	1,871
Seychelles	-	169	765	934	-
Sierra Leone	1,365	88	-	-	1,453
Singapore	3,503	14,090	1,448	19,041	-
Slovakia	-	4,472	4,684	9,156	-
Slovenia	5,274	5,062	2,688	13,024	-
Solomon Islands	1,365	88	-	-	1,453
South Africa	2,255	30,794	4,998	38,047	-

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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
 Combined status of indicative contributions unpaid for the Core Budget
 for the biennium 1998-1999 as at 31 December 1998
 (Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Spain	-	216,911	-	203,128	13,783
Sri Lanka	-	1,097	-	-	1,097
Sudan	1,365	759	-	-	2,124
Suriname	-	337	-	-	337
Swaziland	743	169	980	1,892	-
Sweden	-	92,721	12,043	104,764	-
Switzerland	-	102,508	763	103,271	-
Syrian Arab Republic	-	5,231	-	-	5,231
Thailand	-	13,330	-	-	13,330
Togo	1,365	169	-	-	1,534
Trinidad and Tobago	-	1,519	-	-	1,519
Tunisia	(3,334)	2,362	972	-	-
Turkmenistan	-	1,266	-	-	1,266
Tuvalu	1,365	88	-	-	1,453
Uganda	1,365	337	1,863	3,565	-
Ukraine	35,658	57,202	-	-	-
United Arab Emirates	23,022	14,933	6,154	44,109	-
United Kingdom	-	428,254	161,620	589,874	-
United Republic of Tanzania	1,006	337	-	-	1,343
United States of America	-	2,189,425	20,450	2,209,875	-
Uruguay	5,462	4,134	-	3,003	6,593
Uzbekistan	-	6,496	7,917	14,413	-
Vanuatu	1,365	88	-	-	1,453
Venezuela	21,240	19,827	-	-	41,067

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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of indicative contributions unpaid for the Core Budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Viet Nam	1,365	844	-	2,209	-
Yemen	1,109	844	-	-	1,953
Yugoslavia	634	5,062	-	-	5,696
Zambia	1,365	253	-	-	1,618
Zimbabwe	639	759	390	1,788	-
Total	1,266,505	8,759,097	676,084	7,473,995	3,227,691

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1. This amount represents 1998 indicative contributions of US\$8,757,717 plus 1997 Congo indicative contribution adjustment of US\$1,380, amount inadvertently recorded in that year as contributions received. This adjustment is made in order to show Congo unpaid contributions of US\$981 (US\$728 for 1997 and US\$253 for 1998).

The accompanying notes are an integral part of the financial statements.

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE									
Statement of cash flows for the biennium 1998-1999 as at 31 December 1998									
(Expressed in US dollars)									
	FC		FI		FO		FR		
	1998	1996	1998	1996	1998	1996	1998	1996	
CASH FLOWS FROM OPERATING ACTIVITIES:									
Net excess (shortfall) of income over expenditures	1,289,470	1,594,743	(429,056)	(457,579)	52,723	-	526,270	712,126	
(Increase) decrease in contributions receivable	(1,915,965)	(1,081,918)	-	-	(6,576)	-	-	-	
(Increase) decrease in other accounts receivable	89,765	(941,538)	(7,586)	(1,557)	-	-	159,687	(18,895)	
(Increase) decrease in other assets	-	-	(600,000)	-	-	-	(50,000)	-	
Increase (decrease) in accounts payable	73,102	143,443	(273,963)	4,947	50,824	-	167,373	24,357	
Increase (decrease) in unliquidated obligations	(279,684)	206,249	(160,892)	228,654	618,665	-	19,499	143,422	
Increase (decrease) in other liabilities	630,863	882,461	-	-	-	-	-	-	
Less: Interest income received	(256,187)	(65,510)	(57,577)	(4,344)	(17,284)	-	(97,703)	(17,132)	
NET CASH FROM OPERATING ACTIVITIES	(368,636)	737,930	(1,529,074)	(229,879)	698,352	-	725,126	843,676	
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES:									
(Increase) decrease in inter-fund balances receivable	(376,901)	-	1,555,988	(124,950)	-	-	(88,279)	-	
Increase (decrease) in inter-fund balances payable	-	253,475	-	-	67,032	-	-	3,481	
Plus: Interest income received	256,187	65,510	57,577	4,344	17,284	-	97,703	17,132	
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	(120,714)	318,985	1,613,565	(120,606)	84,316	-	9,424	20,613	
CASH FLOWS FROM OTHER SOURCES:									
Savings on prior periods' obligations	169,126	-	588,716	-	-	-	98,301	-	
Other adjustments to fund balance	-	754,324	-	1,456,751	620,957	-	(934,384)	465,033	
NET CASH FROM OTHER SOURCES	169,126	754,324	588,716	1,456,751	620,957	-	(836,083)	465,033	
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	(320,224)	1,811,239	673,207	1,106,266	1,403,625	-	(101,533)	1,329,524	
CASH AND TERM DEPOSITS AT BEGINNING OF PERIOD	3,080,268	-	1,332,550	-	-	-	2,111,671	-	
CASH AND TERM DEPOSITS AT END OF PERIOD	2,760,044	1,811,239	2,005,757	1,106,266	1,403,625	-	2,010,138	1,329,524	

The accompanying notes are an integral part of the financial statements.

Statement IV UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE				
The Core Budget: Status of expenditures against budget for the biennium 1998-1999 as at 31 December 1998 (Expressed in US Dollars)				
Budget Classification	Approved Unobligated Budget	Disbursements	Expenditures	
			Unliquidated Obligations	Balance
Executive direction and management	621,300	506,559	14,926	99,815
Implementation, Direction and Management	441,500	633,395	52,197	(244,092)
Implementation Process	573,800	386,793	39,267	147,740
Annex I Implementation	855,900	681,518	47,324	127,058
Non-Annex I Implementation	521,600	325,740	28,185	167,675
Sub-total - Implementation	2,392,800	2,027,446	166,973	196,381
Science & Technology, Direction and Management	802,000	379,764	375,599	46,637
Methodology and Science	772,200	310,060	24,765	437,375
Technology	357,500	32,785	26,762	297,953
Cooperative Implementation	407,100	278,502	35,424	93,174
Sub-total - Science & Technology	2,338,800	1,001,111	462,550	875,139
Conference & Information Support, Direction and Management	573,400	523,696	284	49,420
Conference Support	463,900	400,826	35,313	27,761
Information Support	397,200	459,450	23,569	(85,819)
Sub-total - Conference & Information Support	1,434,500	1,383,972	59,166	(8,638)
Resources, Planning and Coordination, Direction and Management	702,900	1,084,149	25,514	(406,763)
Secretariat-wide costs	962,700	659,883	197,913	104,904
Sub-total - Resources, Planning & Coordination	1,665,600	1,744,032	223,427	(301,859)
Total	8,453,000	6,663,120	927,042	982,838

The accompanying notes are an integral part of the financial statements.

III. NOTES TO THE FINANCIAL STATEMENTS

Note 1. The United Nations Framework Convention on Climate Change and its activities

The secretariat of the United Nations Framework Convention on Climate Change was established on 1 January 1996 with the following purposes:

- a) To make arrangements for session of the Conference of the Parties (COP) and its subsidiary bodies established under the Convention and to provide them with services as required;
- b) To compile and transmit reports submitted to it;
- c) To facilitate assistance to the Parties, particularly developing country Parties, on request, in the compilation and communication of information required in accordance with the provisions of the Convention;
- d) To prepare reports on its activities and present them to the Conference of the Parties;
- e) To ensure the necessary coordination with the secretariats of other relevant international bodies;
- f) To enter, under the overall guidance of the Conference of the Parties, into such administrative and contractual arrangements as may be required for the effective discharge of its functions; and
- g) To perform the other secretariat functions specified in the Convention and in any of its protocols and such other functions as may be determined by the Conference of the Parties.

Note 2. Summary of significant accounting policies of UNFCCC

1. The entire budget of the secretariat is funded by the State Parties to the Convention. During the 1998-1999 biennium, the secretariat administered the following four trust funds:

- Trust Fund for the Core Budget of UNFCCC
- Trust Fund for Participation in the UNFCCC Process
- Trust Fund for Supplementary Activities
- Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund)

2. All the trust funds are established by the Secretary-General of the United Nations at the request of the Executive Secretary upon the approval of the Conference of the Parties.

3. Under the financial procedures adopted by the Conference of the Parties, the Executive Secretary prepares the administrative core budget for the following biennium and submits it to the COP for its consideration and approval. The approved budget constitutes authority to the Executive Secretary to incur obligations and make payments for the purposes for which the appropriations were approved.

4. For the biennium 1998-1999, the COP approved a core budget of US\$21.3 million, out of which the equivalent of DM 3 million was paid by the host Government. The remaining amount is raised by all Parties, which are invited to make contributions based on the United Nations scale of assessment.

5. The Parties are also invited to make voluntary contributions to the trust funds for Participation and Supplementary Activities to meet the requirements estimated at \$4.6 million and \$4.15 million, respectively for the same biennium. The COP does not approve a budget limit for these trust funds.

6. The Executive Secretary issues allotments by objects of expenditure for activities under the Convention's budget within the available resources.

7. According to the arrangements established by the Under-Secretary-General for Management of the United Nations, the financial and accounting services of the secretariat are provided by UNOG applying the Financial Regulations and Rules of the United Nations, as adopted by the General Assembly, the rules formulated by the Under-Secretary-General for Management or the Controller. They also take fully into account the common accounting standards for the United Nations system, as adopted by the Administrative Committee on Co-ordination (ACC). The General Assembly has taken note of these standards in its resolution 48/216 C of 23 December 1993. The United Nations follows the International Accounting Standard 1 on the disclosure of accounting policies, as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

- (i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;
- (ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;
- (iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;

- (iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;
- (v) Financial statements should show corresponding figures for the preceding period;
- (vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

8. Fund accounting. The UNFCCC's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the Conference of the Parties or the Executive Secretary. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund.

9. The financial period of UNFCCC comprises of a biennium.

10. Income of the UNFCCC is recognized on the basis of paid contributions. The secretariat does not regard the indicative amounts as assets, as implied in the financial statement prepared by UNOG.

11. Translation of currencies. The accounts of the UNFCCC are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Management, shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation significantly different from the application of the United Nations rates of exchange for the last month of the financial period, a footnote will be presented quantifying the difference.

12. The UNFCCC's financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

13. Cash and investments. Funds on deposit in interest-bearing bank accounts, time deposits and call accounts are shown in the statements of assets and liabilities as cash.

14. Fixed assets. Maintenance and repairs are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the UNFCCC. Acquisitions are charged against budgetary accounts in the year of purchase.

15. The expenditures do not include possible costs to cover contingencies under Appendix D to the United Nations staff rules, for personnel financed under resources obtained from contributions. The term "expenditure" designates total obligations incurred whether liquidated or unliquidated.

16. Miscellaneous income:

- (i) The net income realized from the revenue-producing activities is reported as miscellaneous income;
- (ii) Refunds of expenditures charges to the prior financial periods are credited to miscellaneous income;
- (iii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income;
- (iv) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is charged to the budgetary account. If there is a net gain, this is credited to miscellaneous income;
- (v) The proceeds from the sale of surplus property are credited to the miscellaneous income of the respective funds.

17. The trust fund statements reflect the "clean surplus theory" by processing adjustments through the current income and expenditure accounts. Material adjustments for prior periods are, however, shown in the financial statements below the results of the current period so as not to distort them.

18. Income tax refund policy. The UNFCCC salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

19. Unliquidated obligations for the current biennium in respect of UNFCCC remain valid for 12 months following the end of the biennium to which they relate.

20. Most of the contributions are deposited with the United Nations Office at Geneva, with the remaining deposited with the United Nations Headquarters in New York.

21. The UNFCCC operates an imprest account in Deutsche Marks to cover its expenditures in Bonn, and submits its report to UNOG on a monthly basis.
22. On a monthly basis, UNOG provides the Executive Secretary with information on the status of allotments, trial balance and unliquidated obligations. The final accounts are submitted to the Executive Secretary for certification and submission to the Board of External Auditors and reporting to the Conference of the Parties.
23. The United Nations retains 13% of the actual expenditures of all the established trust funds for programme support costs. Under the present arrangement, the programme support funds are used, in part, for financing the administrative unit of the secretariat.



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**NATIONAL COMMUNICATIONS FROM PARTIES INCLUDED
IN ANNEX I TO THE CONVENTION**

Progress report on the in-depth reviews of second national communications

Note by the secretariat

1. The present note describes the status of in-depth reviews of second national communications (NC2) from Parties included in Annex I to the Convention (Annex I Parties). The reviews are being conducted in accordance with decision 9/CP.2,¹ with the aim of completing them before the fifth session of the Conference of the Parties.
2. All Annex I Parties (with the exception of Luxembourg) have submitted their second national communications, which were due by 15 April 1997 for Annex II Parties and not later than 15 April 1998 for Parties with economies in transition. At the time of the preparation of this note, 34 country visits had taken place in connection with the in-depth reviews of national communications and 16 reports have been published. These reports are also accessible on-line via the World Wide Web. They bear the symbol FCCC/IDR.2/country code. The review visit dates and status of the preparation of reports are presented in the table below. First national communications (NC1) from Lithuania and the Ukraine, which were submitted on 21 March 1998 and 16 February 1998 respectively, were also subject to in-depth review.

¹ For the full texts of decisions adopted by the second session of the Conference of the Parties, see FCCC/CP/1996/15/Add.1.

3. In accordance with decision 4/CP.3,² Croatia, Liechtenstein, Monaco and Slovenia have been added to Annex I to the Convention. The amendment adding these Parties to Annex I entered into force on 13 August 1998. Consequently, first national communications from these Parties, according to Article 12.5 of the Convention, were due within six months of this date, namely by 13 February 1999. Communications from these Parties are still pending, with the exception of Monaco which has already submitted its second national communication. The secretariat will endeavour to undertake in-depth reviews of national communications from these Parties recently added to Annex I as soon as they become available.

4. Decision 6/CP.3 provides for the publication of full texts of the in-depth review reports as official UNFCCC documents and their translation into the six official languages of the United Nations. The secretariat was unable to arrange for the translation of the reports prepared so far due to an overload of the translation services at the United Nations Office at Geneva. For this reason, the in-depth review reports are published in English only. The secretariat has made available the full texts of the majority of the first and all of the second national communications received so far from Annex I Parties on its web site (<http://www.unfccc.de>).

² For the full texts of decisions adopted by the third session of the Conference of the Parties, see FCCC/CP/1997/7/Add.1.

Second national communications: Status of review as at 14 October 1999

Annex I Party	Communication due date	Communication received date	Review visit dates	Notes
Australia	15.04.97	04.12.97	07-11.10.98	Report published
Austria	15.04.97	31.07.97	30.03-03.04.98	Report published
Belgium	15.04.97	21.08.97	01-05.02.99	Visit done
Bulgaria	15.04.98	30.06.98	03-07.05.99	Visit done
Canada	15.04.97	05.05.97	11-15.05.98	Report published
<i>Croatia</i>	13.02.99	-		
Czech Republic	15.04.98	06.08.97	01-05.02.99	Report published
Denmark	15.04.97	05.12.97	21-25.09.98	Report published
E.C.	15.04.97	15.03.99	28.06-02.07.99	Visit done
Estonia	15.04.98	31.03.98	01-05.02.99	Visit done
Finland	15.04.97	15.04.97	11-15.05.98	Report published
France	15.04.97	12.06.97	23-27.03.98	Visit done
Germany	15.04.97	16.04.97	16-20.02.98	Report published
Greece	15.04.97	12.12.97	17-21.05.99	Visit done
Hungary	15.04.98	01.12.97	04.-08.10.99	Visit done
Iceland	15.04.97	06.08.97	14-18.09.98	Report published
Ireland	15.04.97	08.07.97	05-08.05.98	Report published
Italy	15.04.97	27.05.99	13-17.09.99	Visit done
Japan	15.04.97	02.12.97	30.11-04.12.98	Visit done
Latvia	15.04.98	02.06.98	17-21.05.99	Visit done
Liechtenstein	13.02.99	-		
Lithuania (NC1)	15.04.98	18.05.98	22-26.03.99	Visit done

Annex I Party	Communication due date	Communication received date	Review visit dates	Notes
Luxembourg	15.04.97	-		
<i>Monaco**</i>	15.04.97	14.05.97	-	No review visit envisaged
Netherlands	15.04.97	14.04.97	28.09-02.10.98	Visit done
New Zealand	15.04.97	27.05.97	31.08-04.09.98	Report published
Norway	15.04.97	16.04.97	05-09.10.98	Report published
Poland	15.04.98	29.04.98	27.09-01.10.99	Visit done
Portugal	15.04.97	26.11.97	18-22.05.98	Report published
Romania	15.04.98	01.02.99	27.09-01.10.99	Visit done
Russian Federation	15.04.98	18.02.99	28.06-02.07.99	Visit done
Slovakia	15.04.98	06.08.97	14-17.04.98	Report published
<i>Slovenia</i>	13.02.99	-		
Spain	15.04.97	22.11.97	05-09.10.98	Visit done
Sweden	15.04.97	05.05.97	30.03-03.04.98	Report published
Switzerland	15.04.97	21.04.97	10-13.03.98	Report published
Ukraine (NC1)	13.02.98	16.02.98	27.09-01.10.99	Visit done
United Kingdom	15.04.97	13.02.97	07-11.12.98	Visit done
United States of America	15.04.97	11.08.97	20-24.04.98	Report published

* Italics denote Parties added to Annex I in accordance with decision 4/CP.3.

** Monaco notified the Depositary on 24 November 1992 of its intention to be bound by Article 4.2, subparagraphs (a) and (b).
